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Letter Ruling 79-20: Drop Shipment

July 6, 1979

You inquire as to whether your corporation must obtain a resale certificate, pursuant to the Massachusetts sales and use tax laws, from an out-of-state vendor who is purchasing equipment from you for resale.

The out-of state vendor is not registered in Massachusetts. They are registered as a vendor under the sales tax law of another state.

The vendor has contracted to resell the equipment being purchased from you to their customer in Massachusetts and you will ship the equipment directly to that Massachusetts customer.

Massachusetts General Laws Chapter 64H, Section 8(a) states: "It shall be presumed that all gross receipts of a vendor from the sales of tangible personal property are from sales subject to tax until the contrary is established. The burden of proving that a sale of tangible personal property by any vendor is not a sale at retail shall be upon such vendor unless he takes from the purchaser a certificate to the effect that the property is purchased for resale."

Based on the foregoing facts it is ruled that where the out-of-state purchaser is purchasing for resale in Massachusetts they must either pay a sales tax to your company on their purchase, or they must register as a vendor with the Massachusetts Department of Revenue and furnish your company with a resale certificate covering the transaction and collect the Massachusetts sales tax from their customer.

Very truly yours,

/s/L. Joyce Hampers

L. Joyce Hampers
Commissioner of Revenue

LJH:JJW:FC

LR 79-20

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